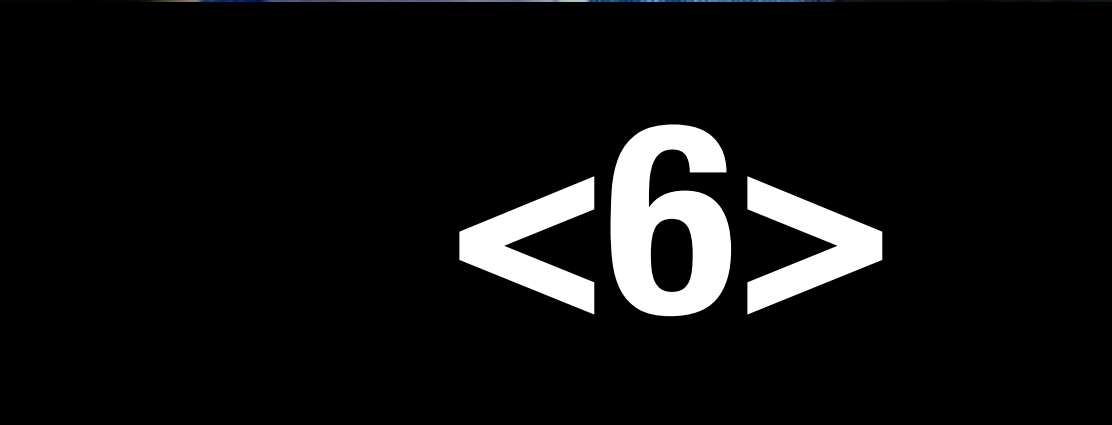


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BUS-217

Week 1: Listen to the waves.

Week 2: Create something people want.

Week 3: Draw the landscape.

Week 4: Build an engine of growth.

Week 5: Create an economic model.

Week 6: Develop a capital strategy.

Week 7: Frame a funnel.

Week 8: Be a master storyteller.



Personal Chef? There's an App for That. Viva Chefs Launches in the Bay Area



NEWS PROVIDED BY
Viva Chefs →
May 13, 2025, 11:05 ET

SHARE THIS ARTICLE



SAN FRANCISCO, May 13, 2025 /PRNewswire/ -- [Viva Chefs](#), a new platform connecting personal chefs with busy homes, is now fully operational in the San Francisco Bay Area and earning rave reviews from both customers and chefs. In less than a year, Viva Chefs has served over thirty-five thousand healthy, home-cooked meals in Bay Area homes.

With a newly launched website and mobile app (available on [Google Play](#) and the [App Store](#)), Viva Chefs makes finding and booking a trusted personal chef as easy as ordering delivery, only better.





Get reference-checked desi nannies, cooks & helpers

Whatever your needs – baby oil massage, cooking Jain food, or light household chores – we have a flexible aunty for you!

[Generate shortlist](#)

Peonies are on S-A-L-E! | Shop 20% off everyone's favorite flower with code **CLOSER** 'til Friday!



Shop All ▾

Occasions ▾


Peonies


Burlap Wrapped

Vase Arrangements

With Heart

Free Ship Shop

 Sign In

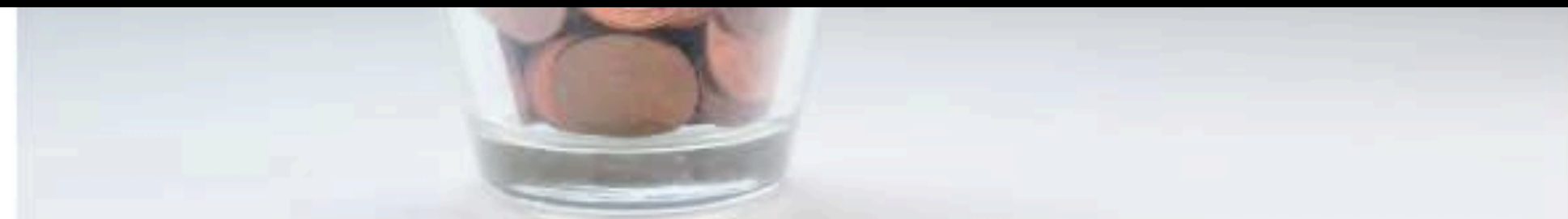
 Cart

O-M-PEONY

Our signature burlap-wrapped bouquets are shipping with peonies (!!!) for a limited time.

SHOP BURLAPS (WITH PEONIES!!)





BUS-217: WEEK 6

Develop A Capital Strategy

There are many great ways to finance a startup venture in 2024.

There are more sources and structures of startup financing available in 2025 than at any other time in history. You've picked a great time to create a startup. In this section I am trying to give you as much information as possible, so that you can make an informed decision about what is right for you and your startup. I also give you information on the different entity types for your startup (LLC, C-Corp, etc) as this decision will be driven by the capital strategy you intend to pursue. Finally, I'll also give you a list of 6,000 VC firms, with contact info, as well as 92 VC firms that also do seed deals.

"Be so good they can't ignore you."

-Steve Martin

Lecture:

[Download my slides as PDF.](#)

Main Reading:

- [Financing your startup.](#)
- [Flavors of Capital](#)
- [Venture Capital](#)
- [The Fundraising Trail](#)
- [Legal Primer for Startups](#)

Other Reading:

- [Glossy of Financing Terms.](#)
- [Anatomy of a Term Sheet](#)
- [Revenue Share Notes.](#)

VC Lists:

- [6,000 VC firms.](#)
- [92 VC firms that do seed deals.](#)

Case Study:

- [Zapier](#) - a great case study.
- [Farmgirl Flowers](#) (you don't need VC)

Assignment:

- In the [#one-sentence-pitch](#) channel, post a nice clear description of your startup.
- If you want to participate in the end-of-the-course Pitch Fest, record a video of yourself doing your 60-second pitch and send to me.

<6>

Develop a capital strategy.

But first, let's talk about Corporate Structures.

LLC, S-Corp, C-Corp, 501(c)3?

**Your capital strategy will influence
your choice of corporate structure.**

BUS-217: Legal Entities for Businesses in the US.

	Survivorship.	Liability Shield.	Tax Flow-Through	Shares of stock.	Classes of stock.	Notes
Sole Proprietorship	No.	No.	Yes.	No.	No.	Default. If you do nothing, this is what you are.
Partnership	No.	No.	Yes.	No.	No.	Same as sole proprietorship, but with multiple owners.
LLC	Yes.	Yes.	Yes.	No.	No.	Owners are called “members”; no shares of stock.
S-Corp	Yes.	Yes.	Yes.	Yes, limited to 100 Shareholders	No.	You create a C-corp and then make an “election” to be treated as an S-corp.
C-Corp	Yes.	Yes.	No.	Yes, unlimited.	Yes.	The “big daddy” option. Well-understood and preferred by VC investors.
501(c)3	Yes.	Yes.	Exempt.	No.	No.	Also called a “non-profit” organization. Except from taxes.
B-Corp	Yes.	Yes.	No.	Yes, unlimited.	Yes.	Not recognized in all states.

In choosing a legal entity for your business, there are three important concepts to understand:

- Personal liability. If the company is sued, can they come after your personal assets?
- Tax flow-through. Do the company profits get reported on your personal tax return?
- Ownership Structure. With multiple owners, is there a way to define who owns what percentage and what rights they each have?

BUS-217: Legal Entities for Businesses in the US.

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C-Corp	Yes.	Yes.	No.	Yes, unlimited.	Yes.	The “big daddy” option. Well-understood and preferred by VC investors.
501(c)3	Yes.	Yes.	Exempt.	No.	No.	Also called a “non-profit” organization. Except from taxes.
Benefit Corp	Yes.	Yes.	No.	Yes, unlimited.	Yes.	Not recognized in all states.

What's the deal with Delaware?

- **The majority of F500 companies are incorporated in Delaware.**
- **If you are going to solicit venture funding, investors will probably require it.**
- **Pro-company legal jurisdiction (CA is much more pro-shareholder).**
- **Special court system, experienced judges, lots of case law.**
- **Overall cost is slightly higher than California (and you are still subject to CA franchise tax and filings).**

Make Sure You Follow Corporate Formalities

If you want the legal protection of having a corporate entity you have to follow the formalities:

- **Don't ever co-mingle personal funds with business funds.**
- **Execute all contracts and other documents in the corporate name, not your personal name.**
- **Hold periodic board meetings, keep records, follow by-laws.**
- **Adequate capitalization at formation.**
- **Directors and Officers must comply with fiduciary responsibility - duty of loyalty, duty of candor, duty of care - and act in the interests of all shareholders.**
- **Ongoing obligations for tax returns, employment filings, franchise taxes, etc.**

The Big Question for Entrepreneurs.

“Should I do the legal formation myself, or hire a lawyer?”

- **It depends.**
- **You can do it yourself with filing fees less than \$1,000, or you can have a full-service law firm do it for ~\$5,000, or you can negotiate a flat-fee deal with many law firms for less (because they want your downstream business).**
- **Clerky, Nolo, and LegalZoom all offer do-it-yourself forms.**

Financing your startup.

Bootstrap? Angel Capital? Venture Capital?

Many ways to finance a business:

- Your own pocket.
- Your own friends and family.
- Supplier financing.
- Customer financing.
- Bank Loan
- Factoring
- Crowdfunding (Kickstarter, etc).
- Borrow from your 401(k).
- Pre-sales
- SBA Loan
- Angel List syndicates
- Angel Investors
- Venture Capital Funds
- Impact Funds
- Foundation Grants
- Buy a lottery ticket (not a recommended strategy).

Angels

Individuals investing their own money. No fiduciary responsibility to anyone. Tend to invest early-stage where it is a “gut” investment decision. Typical check size \$25K-\$500K.

VS.

VC's

General Partners investing from a fund they have raised from Limited Partners (insurance companies, pension plans, university endowments). Tends to be at the growth stage (not the idea stage). Typical check size \$1M-\$100M.

BUS-217: Sources and Structures of Startup Capital

	Typical check size.	Typical investment structure.	Typical stage.	A good fit for:	Notes
Angel Investors	\$25K - \$500K.	SAFE or Convertible note.	From idea to PMF.	Very early stage ventures.	Because they are investing their own money, they can make a “leap of faith” investment decision.
Venture Capital Firms	\$1M - \$500M.	Equity.	Growth stage after PMF.	High-growth startups with billion dollar potential.	They have a fiduciary responsibility to make rational investment decisions, and a model that incentivizes them to do so.
Crowdfunding.	\$10K - \$1M.	Mixed.	Idea.	Creative projects, and also pre-sales of physical items.	There’s a lot of regulation around selling private stock that can make crowdfunding problematic.
Impact funds.	Wide range.	Debt, soft-debt, demand dividend, rev share, SIBs. General not equity, as	After PMF and after impact metrics proven.	Nonprofits and social ventures.	Need to have solid impact metrics plus enough cash flow that the capital can make a round trip back to the fund eventually.
Foundations.	Wide range.	Grant.	Wide range.	Nonprofit organizations.	Grants today are typically tied to impact metric goals.
PE Firms.	\$10M plus.	Equity.	Late, and /or distressed.	Founders wanting to sell control and get exit liquidity.	Not typically relevant in the startup world except during crazy times like 2020-23
Corporate Venture Capital.	Wide range.	Equity.	Early-ish.	Ventures where a strategic partnership is important to growth.	CVC firms have a variety of mandates. Make sure you ask what theirs is.
Non bank lenders	Wide range.	Debt or points, sometimes plus warrants.	Growth.	E-commerce ventures with a proven CAC:LTV.	Typically non-dilutive, which can make this very attractive.

Capital Comes in Two Flavors:

Debt

Has to be repaid (principal + interest) over some defined amount of time. Debt holder has no claim of ownership to the company, and is not entitled to any share of future profits.

vs.

Equity

No repayment obligation. Investor owns a percentage of the company and has a pro rata claim to future profits. Investor hopes to sell their equity in the company in the future at a profit.

(Grants are a different topic)

Pros and Cons of Debt vs Equity

ADVANTAGES OF DEBT COMPARED TO EQUITY

- Debt does not dilute the owner's ownership interest in the company.
- A lender has no direct claim on future profits of the business.
- Interest on the debt can be deducted on the company's tax return, lowering the actual cost of the loan to the company.
- Raising debt capital is less complicated because the company is not required to comply with state and federal securities laws and regulations.
- The company is not required to seek the vote of shareholders before taking certain actions.
- In liquidation debt is always senior to equity (meaning that debt holders get paid first, before equity holders).

DISADVANTAGES OF DEBT COMPARED TO EQUITY

- Unlike equity, debt must at some point be repaid.
- Cash flow is required for both principal and interest payments and must be budgeted for.
- Debt instruments often contain restrictions (covenants) on the company's activities.
- The larger a company's debt-equity ratio, the more risky the company is considered by lenders and investors
- The company is usually required to pledge assets of the company to the lender as collateral, and owners of the company are in some cases required to personally guarantee repayment of the loan.

Your parents told you to avoid debt. They're not wrong, but....

“I’ll lend you \$500K for your startup, 6%, 5 years”

Total cost: \$79,984 in interest.

**“Psst - don’t take that! I’ll give you the same amount,
with zero payments! Just give me 20% equity. ”**

**20% of all future profits and eventual sale of your company
is hopefully worth way more than \$79,984!**

**It's difficult for startups to get debt capital, and
that's the reason the VC business exists.**

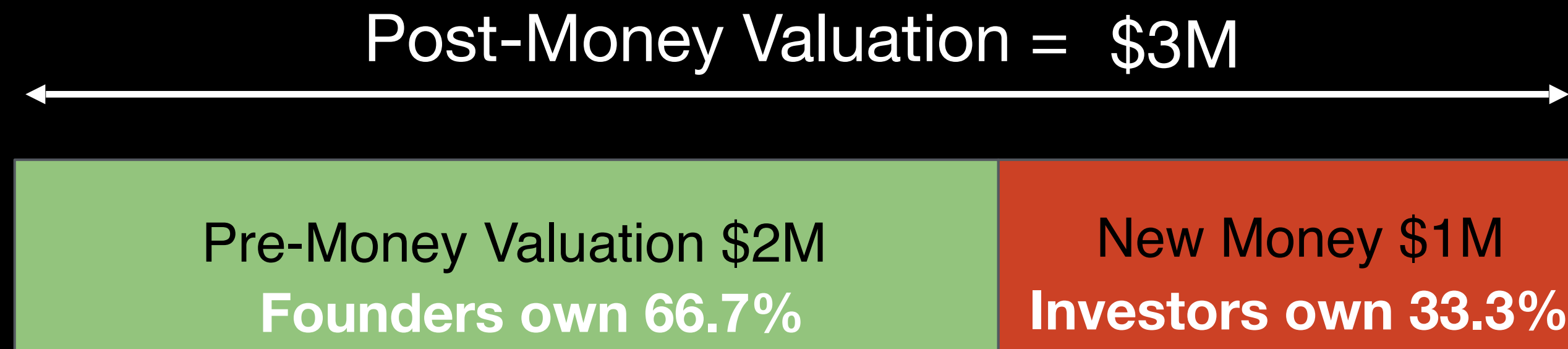
**You may well end up with equity capital, but don't
fool yourself into thinking it's cheaper.**

It's probably not.

**Every Venture Capital transaction
is an equity financing.**

(Nearly every)

Equity Financing Math:



Every equity financing transaction follows this simple math.

Mechanics of a Venture Fund

The firm decides to raise a fund, and goes looking for investors in that fund. Typically the investors are foundations, pension funds, and high net worth individuals who put money in and become Limited Partners (LPs) in the fund.

The firm charges the LP's a 2%/year management fee and 20% of the “carry” (profits).

Typical funds have 10-year horizons. At the end of ten years the fund is dissolved and capital is distributed.

Most VC firms have multiple funds under management, some with a particular investment focus.

Key Terms in Equity Financing

Percentage of the company which investors will own.

Special preferences which investors have associated with their shares.

Two Flavors of Stock

COMMON SHARES

Typically held by founders and employees (often in the form of options).

PREFERRED SHARES

Typically held by the investors, and has certain “preferential rights” associated with it.

Convertible Notes and SAFEs

Seed-stage startup investment instruments that turn into equity later.

SAFE (Simple Agreement for Future Equity)

THIS CERTIFIES THAT in exchange for the payment by [Investor Name] (the “**Investor**”) of \$[_____] (the “**Purchase Amount**”) on or about [Date of Safe], [Company Name], a [State of Incorporation] corporation (the “**Company**”), issues to the Investor the right to certain shares of the Company’s Capital Stock, subject to the terms described below.

This Safe is one of the forms available at <http://ycombinator.com/documents> and the Company and the Investor agree that neither one has modified the form, except to fill in blanks and bracketed terms.

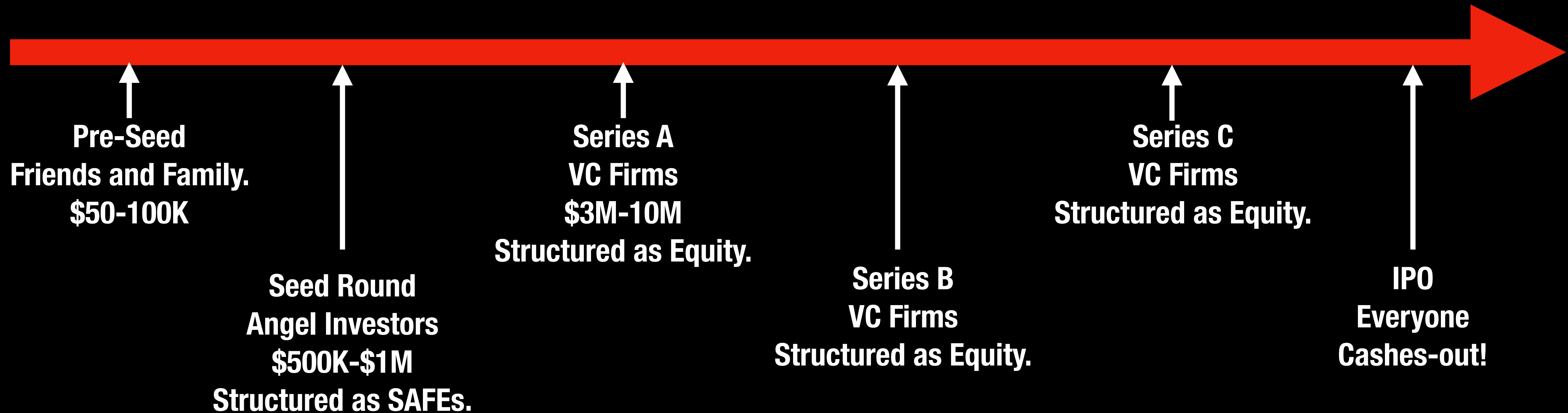
The “**Discount Rate**” is [*100 minus the ~~discount~~*]%.

See **Section 2** for certain additional defined terms.

1. *Events*

(a) **Equity Financing**. If there is an Equity Financing before the termination of this Safe, on the initial closing of such Equity Financing, this Safe will automatically convert into the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Discount Price.

The standard Silicon Valley progression:



Capitalization Table for [REDACTED], Inc July, 2011

Stock Authorized	
Common Stock	10,000,000
Preferred Stock	2,875,625
Total Authorized Shares:	12,875,625

Issued/Reserved:		Shares	Percentage (fully-diluted):
Founders' Common Stock			
[REDACTED]		4,300,000	47.1%
[REDACTED]		450,000	4.9%
[REDACTED]		1,000,000	11.0%
Total Founders' Common Stock		5,750,000	63.0%
Series A Preferred Stock (on as-converted to Common Stock basis)		2,791,875	30.6%
Investors:			
[REDACTED]	\$25,000	69,797	0.8%
[REDACTED]	\$200,000	558,375	6.1%
[REDACTED]	\$50,000	139,594	1.5%
[REDACTED]	\$100,000	279,188	3.1%
[REDACTED]	\$25,000	69,797	0.8%
[REDACTED]	\$50,000	139,594	1.5%
[REDACTED]	\$50,000	139,594	1.5%
[REDACTED]	\$25,000	69,797	0.8%
[REDACTED]	\$50,000	139,594	1.5%
Totals	\$575,000	1,605,328	17.6%
Series A authorized but not issued	\$425,000	1,186,547	13.0%
Warrants to Purchase Series A Preferred Stock (on an as-exercised basis)	[REDACTED]	83,750	0.9%
Stock Option Plan*			
Reserved and Available for Issuance	500,000	500,000	5.5%
TOTAL:		9,125,625	100%

**TERM SHEET
FOR
SERIES A PREFERRED STOCK FINANCING**

This term sheet summarizes the principal terms of the Series A Preferred Stock Financing of [REDACTED] (the "*Company*"). This Term Sheet and any related correspondence are to be held in strict confidence and not disclosed to any party, other than the Company employees who reasonably need to know such information and professional advisors of potential investors.

OFFERING TERMS:

Company:	[REDACTED]
Security:	Shares of Series A Preferred Stock of the Company (" <i>Series A Preferred</i> " or " <i>Preferred Stock</i> ")
Amount of financing:	Up to \$1,000,000 in one or more closings
Price Per Share:	\$358182 (the " <i>Original Purchase Price</i> ")
Total Number of Shares to be issued:	2,791,875
Pre-Money Valuation:	\$2,000,000
Post-Money Valuation:	Up to \$3,000,000, including an unallocated option pool of 500,000 shares of Common Stock
Use of Proceeds:	Working capital and general corporate purposes

TERMS OF SERIES A PREFERRED STOCK:

DIVIDENDS: 8% of the Original Purchase Price per annum, if and when declared by the Board of Directors in preference to any dividend on Common Stock.

LIQUIDATION PREFERENCE: In the event of any liquidation, sale or winding up of the Company, the holders of Series A Preferred shall be entitled to receive prior and in preference to the holders of Common Stock an amount equal to the Original Purchase Price per share, plus any declared but unpaid dividends (the "*Liquidation Preference*"). After the payment of the Liquidation Preference the remaining assets shall be distributed ratably to the holders of Common Stock.

**TERM SHEET
FOR
SERIES A PREFERRED STOCK FINANCING (page 2)**

CONVERSION:	The holders of Preferred Stock shall have the right to convert the Preferred Stock, at any time, into shares of Common Stock at an initial conversion ratio of 1:1, subject to adjustment as provided below.
AUTOMATIC CONVERSION:	The Preferred Stock shall automatically convert into Common Stock, at the then applicable conversion price (i) upon election of a majority of the Preferred Stock or (ii) upon the closing of an IPO at a per share price not less than 3x the Original Purchase Price and for a total offering of not less than \$30 million (before deduction of commissions and expenses).
ANTIDILUTION PROVISIONS:	The conversion price of the Preferred Stock shall be subject to adjustment to prevent dilution on a broad-based weighted average basis in the event that the Company issues additional shares of Common Stock or securities convertible into or exercisable for Common Stock at a purchase price less than the then-effective conversion price, subject to customary exceptions.
VOTING RIGHTS:	The Preferred Stock will vote together with Common Stock and not as a separate class except as otherwise provided herein or as otherwise required by law. Each share of Preferred Stock shall have a number of votes equal to the number of shares of Common Stock then issuable upon conversion of Preferred Stock.
BOARD OF DIRECTORS:	The Board shall initially be fixed at three (5) directors. The Investors and the holders of Common Stock will enter into a voting agreement to provide for two directors to be elected by the Series A Preferred Stock, voting separately, and three directors to be elected by the Common Stock, voting separately, one of whom shall initially be [REDACTED].
INFORMATION RIGHTS:	The Company shall provide the Major Investors (a " <i>Major Investor</i> " is a holder of 125,000 or more of the shares of the Company's Preferred Stock) with customary information rights.
PREEMPTIVE RIGHTS:	In the event the Company proposes to offer equity securities to any person (subject to customary exceptions), Major Investors shall have the right to purchase their fully-diluted pro rata portion of such equity securities.

List of 6,000 active VC investors.

Marketing Email | HubSpot x Follow-up to livestream on sta x Airtable - Public_Grid view x +

airtable.com/shrCBp3nTD14XU6uS/tblnnbgnMuvE62BYI?backgroundColor=cyan&viewControls=on&utm_source=hs_email&utm_medium=email&... Update

Google Drive BUS-217 Calendar 4thly Admin Woodworking Group: Yachtsy Safi Organics | Po...

Public_Grid view

7 hidden fields Filter Group Sort ...

	Investor	Domain	Main Country	Investor Category	Overview	Main City	Industries	St
1	Angels FTW	https://www.joinodin.com/	Worldwide	Angel Investment Group	Keep your cap table clean with Odin. Learn mo...		Administrative Services Agriculture	S
2	High-Tech Grunderfonds	http://www.high-tech-gru...	Germany	Venture Capital	High-Tech Grunderfonds (HTGF) is Germany's ...	Bonn	Artificial Intelligence Biotechn	S
3	Kima Ventures	http://www.kimaventures...	France	Family Office	Kima Ventures, founded by Xavier Niel, funds a...	Paris	Financial Services Internet Se	P
4	Index Ventures	http://www.indexventures...	United Kingdom	Venture Capital	Index Ventures is a global venture capital firm ...	London	Advertising Agriculture and Fa	G
5	Wayra	http://www.wayra.com	Spain	Corporate Venture	Wayra acts as an interface between entrepren...	Madrid	Artificial Intelligence Commer	Ir
6	Partech Partners	http://www.partechpartne...	France	Venture Capital	Partech Partners is an investment company foc...	Paris	Apps Artificial Intelligence	S
7	3i Group	http://www.3i.com	United Kingdom	Private Equity	3i (LSE: III) is a multinational private equity and...	London	Administrative Services Adver	B
8	Apax Partners	http://www.apax.com	United Kingdom	Private Equity	Apax Partners focuses on long-term investmen...	London	Consumer Goods Apps	B
9	Global Founders Capital	http://www.globalfounder...	Germany	Venture Capital	Global Founders Capital (GFC) is a globally ori...	Berlin	Apps Data and Analytics	P
10	Innovate UK	http://www.gov.uk/govern...	United Kingdom	Government	Innovate UK, fka Technology Strategy Board (T...	Wiltshire	Administrative Services Adver	
11	Balderton Capital	http://www.balderton.com	United Kingdom	Venture Capital	Balderton was founded in 2000 by Benchmark ...	London	Data and Analytics Financial S	S
12	Almi Invest	http://www.almiinvest.se	Sweden	Venture Capital	Almi Invest is a venture capital company which...	Stockholm	Apps Artificial Intelligence	S
13	Novartis Venture Funds	http://www.nvfund.com	Switzerland	Corporate Venture	Novartis Venture Funds primarily focuses on th...	Basel	Health Care Biotechnology	S
14	Enterprise Ireland	http://www.enterprise-irel...	Ireland	Government	Enterprise Ireland is the government organizati...	Dublin	Biotechnology Data and Analy	S
15	Entrepreneur First	http://www.joinef.com	United Kingdom	Incubator / Accelerator	Entrepreneur First (EF) is a UK-based company...	London	Apps Artificial Intelligence	S
16	next47	http://www.next47.com	Germany	Corporate Venture	next47, formerly Siemens Venture Capital, part...	Munich	Artificial Intelligence Biotechn	S
17	Holtzbrinck Ventures	http://www.hvventures.com	Germany	Venture Capital	Holtzbrinck Ventures is an independent Europe...	Munich	Advertising Artificial Intelligen	D
18	IDInvest Partners	http://www.idinvest.com	France	Private Equity	Idinvest Partners is a European private equity fi...	Paris	Apps Biotechnology Cor	D
19	HSRC	http://www.hsbc.com	United Kingdom	Diversified Financial Se	HSBC is a banking and financial services instit...	London	Administrative Services Adver	

6,206 records

92 VC firms that do seed deals.

Marketing Email | HubSpot

Follow-up to livestream on sta

Airtable - Lead seeds

airtable.com/shrqQ1jzoQ4pLpzmJ/tbleUOoPr3YtgLbWr?backgroundColor=greenLight&viewControls=on&utm_source=hs_email&utm_medium=e...

Update

Google DriveBUS-217Calendar4thly AdminWoodworkingGroup: YachtsySafi Organics | Po...

Lead seeds

Airtable

Hide fieldsFilterGroupSort

	Fund	Crunchbase	Fund lists
1	8VC	https://www.crunchbase.com/...	Deeptech fundsFunds that lead seedsLogistics fundsBiotech fundsAI fundsweb3 fundsEnterprise fundsReady
2	645 Ventures	https://www.crunchbase.com/...	Funds that lead seedsBlack-founded fundsReady
3	A* Capital	https://www.crunchbase.com/...	Enterprise fundsFunds that lead seedsNYC-focused fundsFintech fundsReady
4	Accel	https://www.crunchbase.com/...	Funds that lead seedsEnterprise fundsFintech fundsReady
	Acrew Capital	https://www.crunchbase.com/...	Funds that lead seedsFunds backing under-represented foundersFemale-founded fundsReady
6	Amplify Partners	https://www.crunchbase.com/...	Funds that lead seedsEnterprise fundsAI fundsReady
7	Andreessen Horowitz	https://www.crunchbase.com/...	Deeptech fundsDigital Health fundsFunds that lead seedsFunds investing in Southeast AsiaBiotech fundsweb3 fundsNYC-focused fundsEdtech fur
8	ANIMO Ventures	https://www.crunchbase.com/...	Funds that lead seedsFunds that lead pre-seedsReady
9	Array Ventures	https://www.crunchbase.com/...	Enterprise fundsFunds that lead seedsFunds that lead pre-seedsSolo GP fundsFemale-founded fundsReadyAI funds
10	B Capital Group	https://www.crunchbase.com/...	Funds that lead seedsFintech fundsReady
11	Bain Capital Ventures	https://www.crunchbase.com/...	Funds that lead seedsAI fundsEnterprise fundsFintech fundsReady
12	Basis Set Ventures	https://www.crunchbase.com/...	Funds that lead seedsFunds that lead pre-seedsFemale-founded fundsAI fundsReady
13	Battery Ventures	https://www.crunchbase.com/...	Funds that lead seedsEdtech fundsEnterprise fundsReady
14	Bessemer Venture Partners	https://www.crunchbase.com/...	Digital Health fundsFunds that lead seedsBiotech fundsEdtech fundsConsumer fundsEnterprise fundsFintech fundsReady
15	Better Tomorrow Ventures	https://www.crunchbase.com/...	Funds that lead seedsFunds that lead pre-seedsFintech fundsReady
16	Bling Capital	https://www.crunchbase.com/...	Funds that lead seedsFunds that lead pre-seedsReady
17	Bloomberg Beta	https://www.crunchbase.com/...	Funds that lead seedsFunds that lead pre-seedsReadyAI funds
18	Boldstart Ventures	https://www.crunchbase.com/...	Funds that lead seedsEnterprise fundsReady
19	Brooklyn Bridge Ventures	https://www.crunchbase.com/...	Most prolific pre-seed fundsFunds that lead seedsFunds that lead pre-seedsNYC-focused fundsReady

92 records

Thursday, May 8th ▾



All of Me

Preview Billie Holiday

+ Save on Spotify

...



❤️ 8 🍷 1 🥰 1 😊

 1 reply 6 days ago

Abdi 7:57 PM

Speaking of non-verbal communication!

My favorite song is "Caruso," performed by **Lara Fabian**.

Many great artists have sung it—Lucio Dalla, Pavarotti, Bocelli—but Fabian's version is in a league of its own.

The song itself tells a story of impossible love, of devotion at the edge of life and death, but it can speak to everyone you've ever deeply loved- a partner, a parent, even someone you've lost.

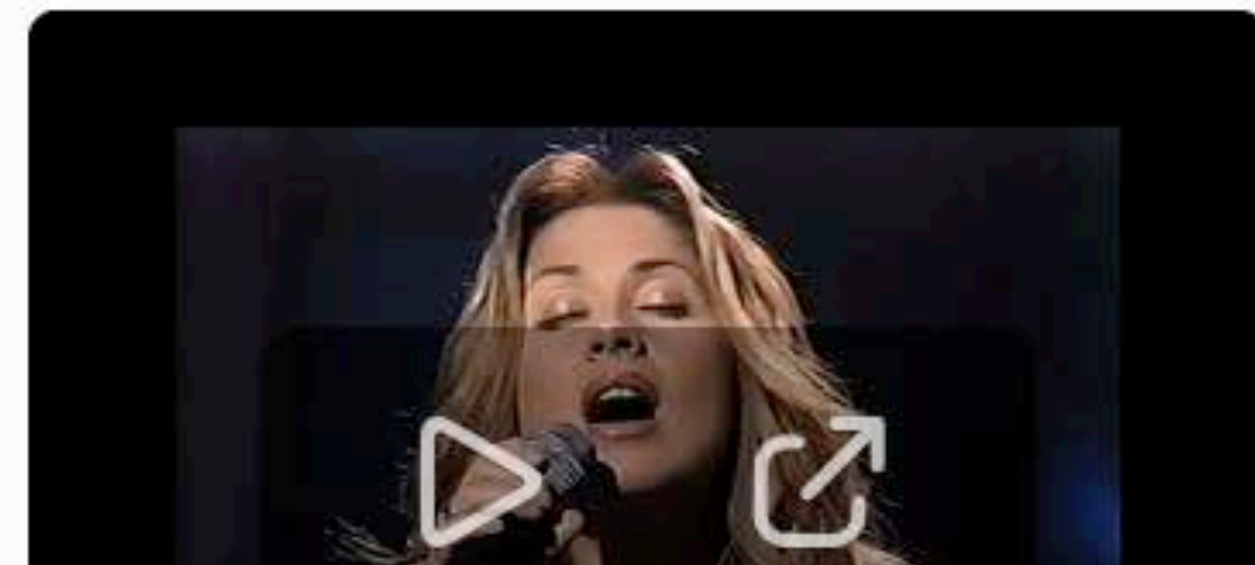
She doesn't just sing- she pours her soul into every note Her voice moves from a whisper to a cry, capturing the essence of a dying man singing a final love letter.

And this is an un- believable performance one never forgets.

Here is the HD version with subtitles. Song/performance starts at ~35 seconds.

<https://www.youtube.com/watch?v=BP2KnLemT78> YouTube | Macadamia

Lara Fabian - Caruso (From Lara with love, 2000, 1080p restored quality + subtitles) ▾





Wednesday, May 7th ▾

👍 3 🥰 1 ❤️ 1 😊

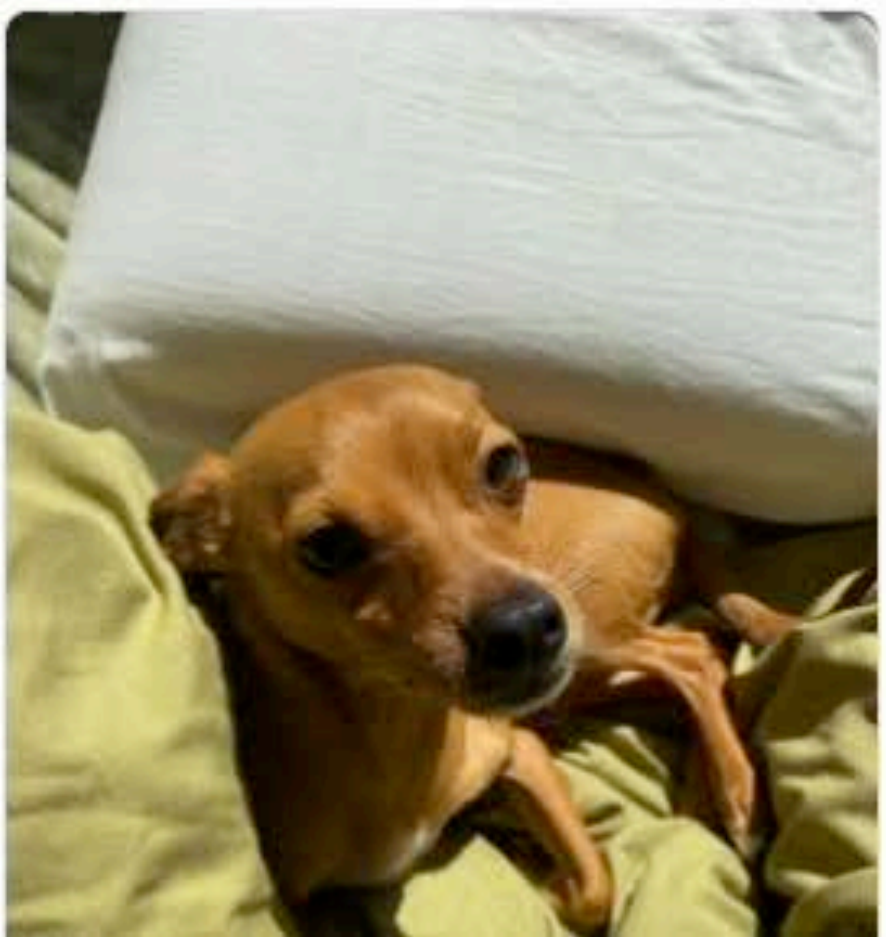


Alesya 10:57 PM
joined #pet-pics. Also, Hailey Kang joined.



Hailey Kang 11:00 PM
Jerry 🐶

IMG_0258 ▾



Mindfulness and Meditation for Entrepreneurs.



Optional session before our class on May 21.

**Led by Utkarsh Sanjanwala
CEO of the World Yoga Federation
Graduate of BUS-217 and BUS-219.**



We have two weeks left, and I want to make sure you are getting what you want from this course.

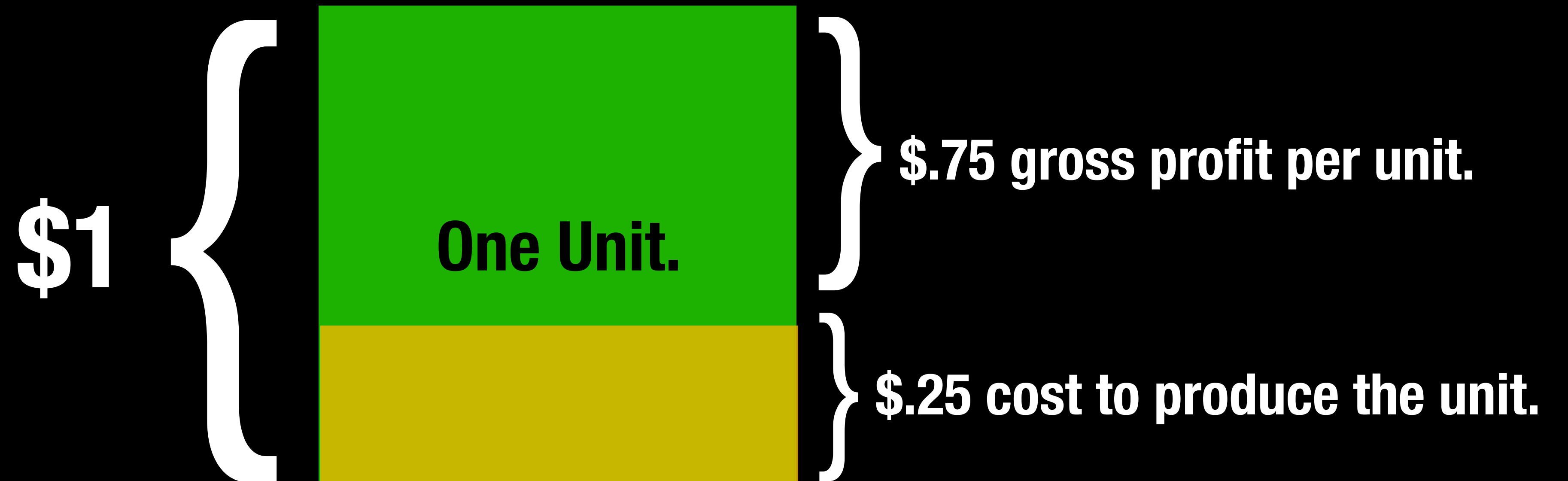
For the next two weeks, I'm happy to have a 1:1 call anytime to talk through anything that would be helpful.

After our final class session, my normal Startup Coaching rates apply.

Unit Economics

Every business distills down to unit economics.

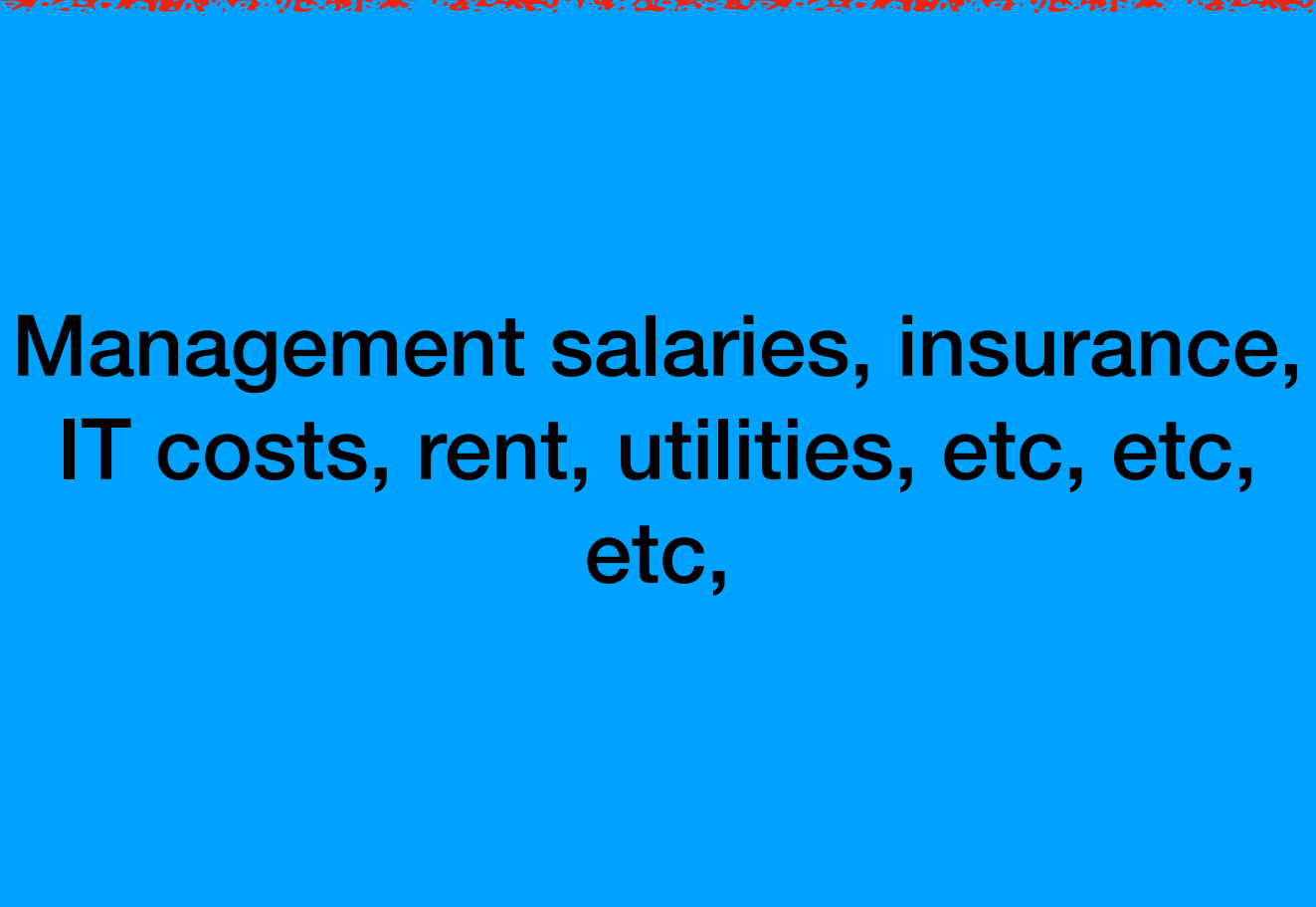
Something we can produce for X, and customers will pay Y for it.



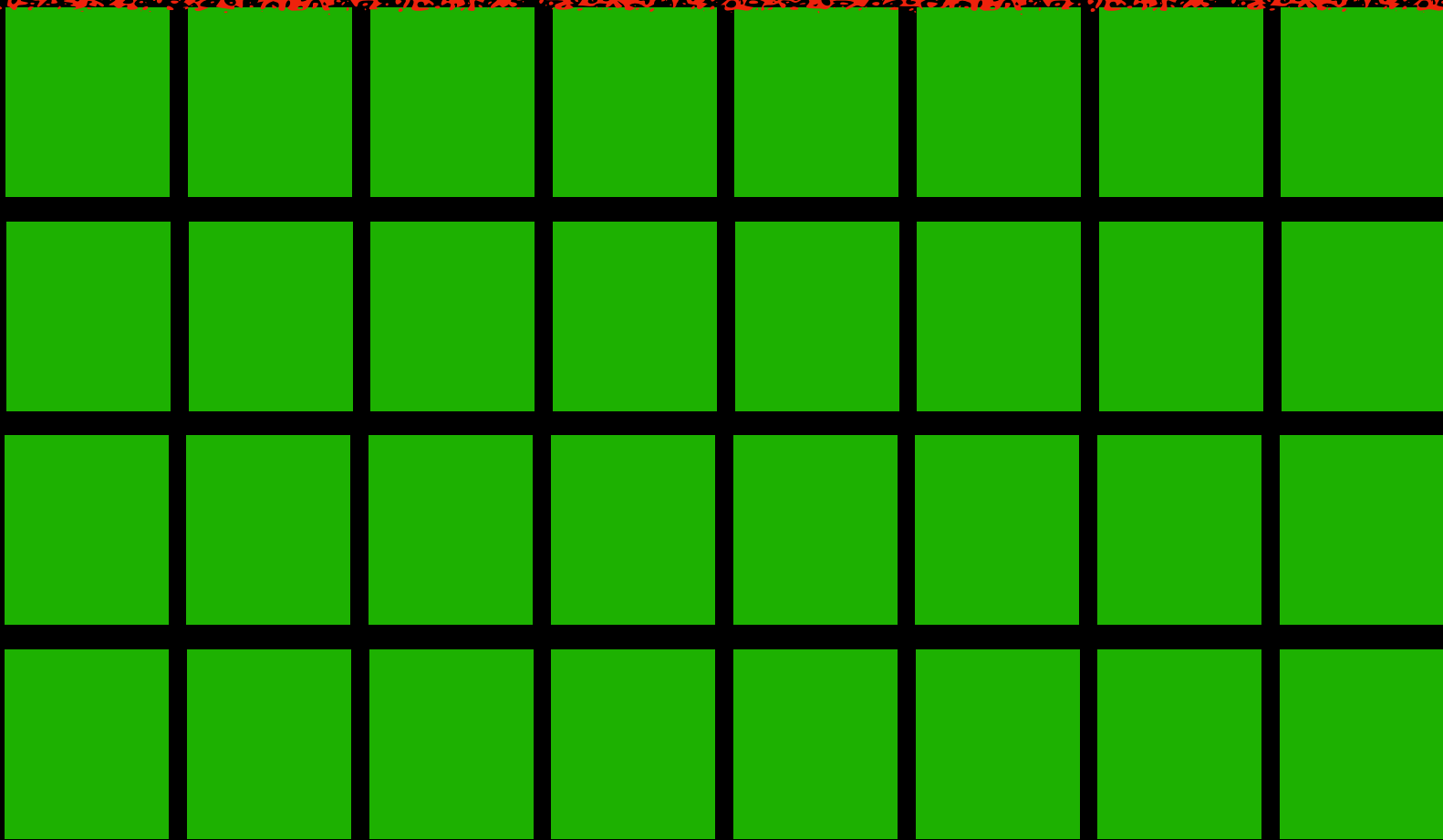
Enterprise Economics

Fixed Overhead

Breakeven



G&A (overhead):



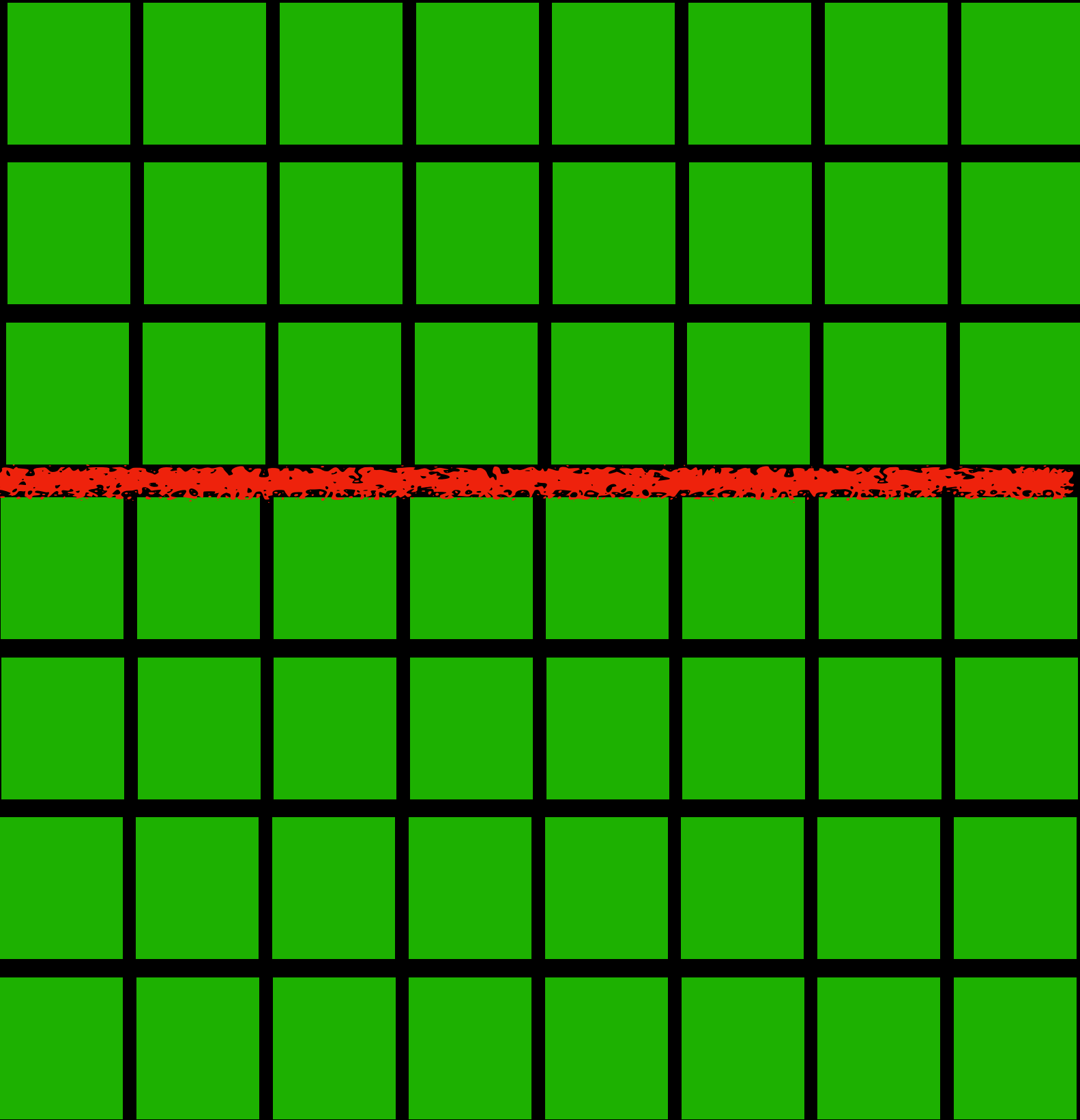
Units sold:

Enterprise Economics

Fixed Overhead

Management salaries, insurance,
IT costs, rent, utilities, etc, etc,
etc,

G&A (overhead):



Units sold:

} Operating Profit

One equation to rule them all:

$$\text{CAC} < \text{LTV}$$

Customer Aquisition Cost must be less than the Lifetime Value of a customer.

It's fundamental economics. Having this equation wrong is a leading cause of startup death.

Economic Model from last week.

PCMD economic model 5.10.24 .XLSX

File Edit View Insert Format Data Tools Help

100% \$ % .0 .00 123 Asap ... - 10 + B I A

S22 fx =R22+S18

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3														
4			2024											
5			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
6		Revenue (see tab)	\$1,600	\$1,600	\$3,998	\$3,600	\$1,600	\$8,570	\$4,570	\$8,570	\$16,164	\$6,570	\$24,831	\$18,035
7			\$1,600	\$1,600	\$3,998	\$3,600	\$1,600	\$8,570	\$4,570	\$8,570	\$16,164	\$6,570	\$24,831	\$18,035
8														
9		Cost of Goods Sold (see unit economics tab)	\$64	\$64	\$96	\$72	\$64	\$550	\$542	\$558	\$669	\$550	\$1,243	\$1,172
10		Gross Profit	\$1,536	\$1,536	\$3,902	\$3,528	\$1,536	\$8,020	\$4,028	\$8,012	\$15,495	\$6,020	\$23,588	\$16,863
11														
12		SG&A												
13		General and Administrative (see tab).	\$1,027	\$559	\$559	\$559	\$1,127	\$559	\$559	\$559	\$949	\$595	\$595	\$694
14		Marketing (see tab).	\$0	\$0	\$0	\$0	\$0	\$2,000	\$4,000	\$1,000	\$2,000	\$1,000	\$4,000	\$4,000
15		People (see tab).	\$1,600	\$1,250	\$2,000	\$2,000	\$6,850	\$2,250	\$2,200	\$2,200	\$1,850	\$14,150	\$2,450	\$4,050
16		Total SG&A	\$2,627	\$1,809	\$2,559	\$2,559	\$7,977	\$4,809	\$6,759	\$3,759	\$4,799	\$15,745	\$7,045	\$8,744
17														
18		Net Operating Profit (loss)	-\$1,091	-\$273	\$1,343	\$969	-\$6,441	\$3,211	-\$2,731	\$4,253	\$10,695	-\$9,725	\$16,543	\$8,120
19			-68.20%	-17.08%	33.68%	26.91%	-402.58%	37.48%	-69.77%	49.82%	66.17%	-148.02%	66.62%	45.02%
20														
21		Setup Costs (see tab).	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22		Running Cash Balance	\$1,091	-\$1,364	-\$22	\$947	-\$5,494	-\$2,283	-\$5,015	-\$762	\$9,933	\$208	\$16,751	\$24,871
23														
24														
25														
26														
27														
28														
29														

Summary CPC estimates Assumptions Unit Economics CACLTV G&A Marketing Revenue People Setup

Income Statement (P&I)

Balance Sheet

GAAP Accounting Rules

Depreciation Tables

Modified Accelerated Cost Method

Tonight we're creating an economic model for our venture, not financial statements.

Accounting statements are backward-looking, for reporting and tax purposes.

Economic Model from last week.

PCMD economic model 5.10.24 .XLSX

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S22 fx =R22+S18

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3														
4			2024											
5			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
6		Revenue (see tab)	\$1,600	\$1,600	\$3,998	\$3,600	\$1,600	\$8,570	\$4,570	\$8,570	\$16,164	\$6,570	\$24,831	\$18,035
7			\$1,600	\$1,600	\$3,998	\$3,600	\$1,600	\$8,570	\$4,570	\$8,570	\$16,164	\$6,570	\$24,831	\$18,035
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10		Gross Profit	\$1,536	\$1,536	\$3,902	\$3,528	\$1,536	\$8,020	\$4,028	\$8,012	\$15,495	\$6,020	\$23,588	\$16,863
11														
12		SG&A												
13		General and Administrative (see tab).	\$1,027	\$559	\$559	\$559	\$1,127	\$559	\$559	\$559	\$949	\$595	\$595	\$694
14		Marketing (see tab).	\$0	\$0	\$0	\$0	\$0	\$2,000	\$4,000	\$1,000	\$2,000	\$1,000	\$4,000	\$4,000
15		People (see tab).	\$1,600	\$1,250	\$2,000	\$2,000	\$6,850	\$2,250	\$2,200	\$2,200	\$1,850	\$14,150	\$2,450	\$4,050
16		Total SG&A	\$2,627	\$1,809	\$2,559	\$2,559	\$7,977	\$4,809	\$6,759	\$3,759	\$4,799	\$15,745	\$7,045	\$8,744
17														
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19			-68.20%	-17.08%	33.68%	26.91%	-402.58%	37.48%	-69.77%	49.82%	66.17%	-148.02%	66.62%	45.02%
20														
21		Setup Costs (see tab).	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22		Running Cash Balance	\$1,091	-\$1,364	-\$22	\$947	-\$5,494	-\$2,283	-\$5,015	-\$762	\$9,933	\$208	\$16,751	\$24,871
23														
24														
25														
26														
27														
28														
29														

Summary CPC estimates Assumptions Unit Economics CACLTV G&A Marketing Revenue People Setup

1										
2	Setup Costs									
3	These are non-recurring costs required to get our startup off the ground.									
4										
5										
6	Initial Launch									
7	Lawyer/Incorporation	\$5,000								
8	Laptops	\$2,500								
9	Lease Deposit	\$2,000								
10	Initial Website Development	\$750								
11	Books	\$250								
12	CPA Consult	\$500								
13	Furniture	\$1,500								
14	Misc	\$1,500								
15	Total	\$14,000								
16										

+

≡

Summary ▾

Assumptions ▾

CAC:LTV ▾

G&A ▾

S&M ▾

Revenue ▾

COGS ▾

People ▾

Setup Costs ▾

1	Assumptions								
2	Putting certain assumptions on one tab makes it easier for us to do "what if" scenerios on our assumptions.								
3									
4	Payroll Load	20%	People cost us more than their salary, because of benefits, payroll tax, etc.						
5	Credit Card Fee	3%	What we have to pay the credit card companies.						
6	Average Tacos in one order	3							
7									
8									

+ ≡ Summary ▾ **Assumptions** ▾ CAC:LTV ▾ G&A ▾ S&M ▾ Revenue ▾ COGS ▾ People ▾ Setup Costs ▾

Cost of Goods Sold (COGS)								
One Taco			One Average Order					
Ingredients	\$1.20		Tacos	3				
Labor	\$1.50		Ingredients	\$3.60				
Packaging	\$0.83		Labor	\$4.50				
Total COGS on one taco.	\$3.53		Packaging	\$1.25				
			COGS	\$9.35				
Sell Price	\$5.00		Sell Price	\$15.00				
Gross Profit on one taco.	\$1.47		Gross Profit on one order	\$5.66	37.70%			
Assume delivery charge equals delivery cost, so not included here.								

People													
People are the most expansive part of any venture.													
Salaried Employees	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
CEO	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500
Nutritionist					\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
Marketing Manager				\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Technical Support Staff							\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Kitchen Manager	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Total Salaries	\$ 15,000	\$ 8,500	\$ 8,500	\$ 11,500	\$ 18,500	\$ 18,500	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000
Contractors													
Nutritionist	\$4,500	\$4,500	\$4,500	\$4,500									
Web/Mobile Developer	\$5,000	\$5,000	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
UX Designer	\$500	\$1,200	\$1,200	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Marketing Freelancer	\$1,000	\$1,000	\$2,500	\$2,500									
Contractor Totals	\$6,500	\$7,200	\$8,700	\$7,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Tab Totals													
Salaries in Period	\$15,000	\$8,500	\$8,500	\$11,500	\$18,500	\$18,500	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000
Salary Load for taxes and benefits	\$3,000	\$1,700	\$1,700	\$2,300	\$3,700	\$3,700	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400
Contractors in Period	\$6,500	\$7,200	\$8,700	\$7,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Total People Cost	\$24,500	\$17,400	\$18,900	\$21,400	\$24,800	\$24,800	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000

Sales & Marketing													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Google Ads	\$100	\$100	\$500	\$1,000	\$3,500	\$3,500	\$5,000	\$7,500	\$10,000	\$15,000	\$17,000	\$20,000	
Social Media Ads	\$100	\$100	\$500	\$1,000	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	
Printing Flyers			\$2,500				\$2,500						
SEO agency	\$1,500	\$1,500	\$1,500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	
Events	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	
Misc Marketing	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	
Total Sales & Marketing	\$2,950	\$2,950	\$6,250	\$3,750	\$8,750	\$8,750	\$12,750	\$12,750	\$15,250	\$20,250	\$22,250	\$25,250	
+ ≡ Summary ▾ Assumptions ▾ CAC:LTV ▾ G&A ▾ S&M ▾ Revenue ▾ COGS ▾ People ▾ Setup Costs ▾													

11

Customer Acquisition Cost (CAC)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Marketing Spend (see tab).	\$2,950	\$2,950	\$6,250	\$3,750	\$8,750	\$8,750	\$12,750	\$12,750	\$15,250	\$20,250	\$22,250	\$25,250
New customers (see rev tab)	150	300	540	1080	1440	1600	1750	2450	3500	3300	3900	3250
Customer Acquisition Cost	\$20	\$10	\$12	\$3	\$6	\$5	\$7	\$5	\$4	\$6	\$6	\$8
CAC is just simply total marketing spend in a period divided by number of new customers acquired in that period.												
Lifetime Value of a Customer (LTV)												
Gross Profit on One Order (see COGS tab)	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66	\$5.66
Lifetime Orders of each new customer (avg).	1	1	1	1.5	2	3	3	4	4	5	6	6
Lifetime Value of a Customer (LTV)	\$5.66	\$5.66	\$5.66	\$8.48	\$11.31	\$16.97	\$16.97	\$22.62	\$22.62	\$28.28	\$33.93	\$33.93
LTV/CAC Ratio	0.29	0.58	0.49	2.44	1.86	3.10	2.33	4.35	5.19	4.61	5.95	4.37
A ratio under 1 means it costs us more to get a customer than we make from them.												

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	Revenue (see tab)	\$6,750	\$13,500	\$27,000	\$54,000	\$81,000	\$90,000	\$112,500	\$157,500	\$225,000	\$247,500	\$292,500	\$292,500	
	Cost of Goods Sold (see COGS tab).	\$1,402	\$2,804	\$5,607	\$11,214	\$16,821	\$18,690	\$23,363	\$32,708	\$46,725	\$51,398	\$60,743	\$60,743	
	Gross Profit	\$5,348	\$10,697	\$21,393	\$42,786	\$64,179	\$71,310	\$89,138	\$124,793	\$178,275	\$196,103	\$231,758	\$231,758	
	SG&A													
	General and Administrative (see tab).	\$2,690	\$2,690	\$2,690	\$2,840	\$2,920	\$2,920	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	\$4,120	
	Marketing (see tab).	\$2,950	\$2,950	\$6,250	\$3,750	\$8,750	\$8,750	\$12,750	\$12,750	\$15,250	\$20,250	\$22,250	\$25,250	
	People (see tab).	\$24,500	\$17,400	\$18,900	\$21,400	\$24,800	\$24,800	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	
	Total SG&A	\$30,140	\$23,040	\$27,840	\$27,990	\$36,470	\$36,470	\$45,870	\$45,870	\$48,370	\$53,370	\$55,370	\$58,370	
	Net Operating Profit (loss)	-\$24,792	-\$12,344	-\$6,447	\$14,796	\$27,709	\$34,840	\$43,268	\$78,923	\$129,905	\$142,733	\$176,388	\$173,388	
	Setup Costs (see tab).	-\$14,000												



**“In the modern world of business,
it is useless to be a creative,
original thinker unless you can
also sell what you create.”**

-David Ogilvy, 1964

“Every great entrepreneur must have the ability to tell a crisp, clear, and compelling story about what she’s working on, and why it matters.”

-Me, 2024

Simple, clear, concise.

Every great entrepreneur has a nesting doll set of pitches.

← **Close the deal!**

← **1- Hour Meeting**

← **3-Minute Pitch**

← **60-Second Pitch**

← **1-Sentence**

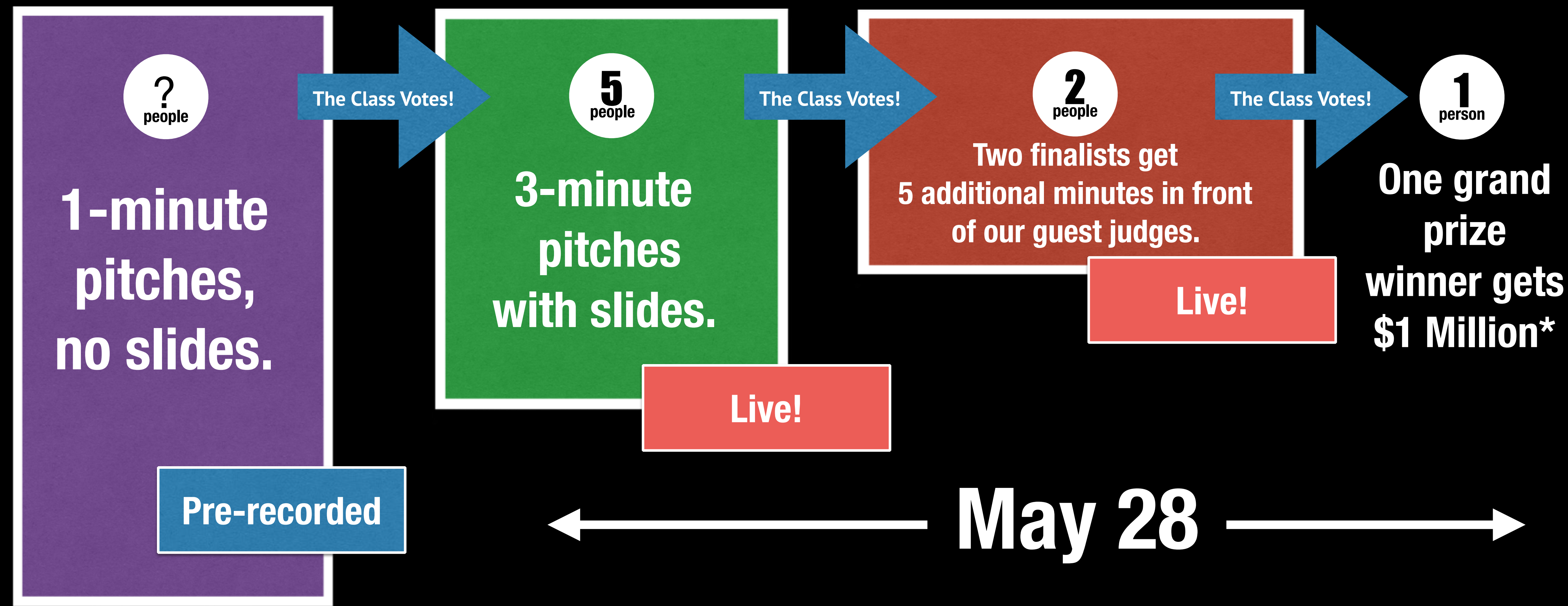


Grand prize: One Million Dollars!*



***Fake money.**

BUS-217 Presentation Playoff - Spring 2025



Next week!

**fake money*



Pitching is purely optional.

If you want to participate, submit a 60-second video to me by next Tuesday (video of you, no slides).

We will watch them all together in class next Wednesday, and vote to select 5 finalists who will each give their 3-minute, with slides, on our final night.

Winter Quarter 2024

Your assignments this week:



In the **#one-sentence-pitch** channel, post a nice, simple, one-sentence description of your startup. When someone you meet asks you about your startup, how do you answer that in a clear and simple way that makes people want to hear more?

If you are participating in the pitch contest, send me a 1-minute pitch, via video. No slides.

In the **#social** channel, give us a book recommendation (thanks to Anastasia for the idea).

</6>